

General Delivery Terms and Conditions (WELTER zahnrad GmbH)

§ 1 - Validity

- Exclusively our Delivery Terms and Conditions shall be valid for all deliveries and services. The Customer's General Business Terms and Conditions shall not be applicable even if we have not once again expressly objected to them.
- The terms and conditions shall be valid for:
 - Businessmen if the agreement is relevant for their commercial enterprise dealings;
 - Juridical persons under public law and special assets under public law.

§ 2 - Offer and scope of the delivery

- The orders that are issued shall only then become binding upon our written confirmation.
- Our written order confirmation shall be prevailing for the scope of delivery. Ancillary agreements and amendments shall require our written confirmation.
- Our offers are non-binding.
- The offer-related documents (e.g. printed copies, illustrations, drawings, data about weights and measurements, etc.) shall only then be considered to be approximately insofar as we have not expressly designated them as being binding.
- We reserve in unrestricted fashion our ownership rights and exploitation rights under copyright law to cost estimates, drawings and other documents; they may not be made available to third parties. If the order is not awarded to us, any drawings and other documents that are part of the offer must be promptly returned to us upon our request to do so.

§ 3 - Prices

- In the absence of a special agreement, the prices shall be considered to be ex works excluding packaging.
- If fixed prices are not expressly specified on the order confirmation, then we shall be entitled to make an appropriate price increase if, after the agreement is concluded, changes occur (e.g. related to materials, wages and salaries, freight costs and public levies). This shall not be valid insofar as we must assume responsibility for the changes.
- Packaging shall be billed at cost.
- The VAT in the respective statutory amount shall be added to the prices.

§ 4 - Payment

- Insofar as nothing to the contrary has been agreed, payment must be rendered immediately upon the receipt of the invoice without any deductions to our bank account or our designated payment centre.
- In the event that payment is late, payment default interest of 8 % above the respective base lending rate shall be charged. The assertion of more extensive payment default damages is hereby not excluded.
- The Customer shall be entitled to withhold payments or offset with its own counterclaims only insofar as its counterclaims are undisputed or have been legally upheld.
- We shall accept bills of exchange and checks only by special agreement and only for payment satisfaction purposes. The Customer shall assume all costs incurred in conjunction with bills of exchange and checks. We shall not be liable for the timeliness of the protesting of the bill of exchange or check.

§ 5 - Delivery timeframe, delivery delay

- The timeframes for rendering deliveries and services shall only then be binding if we have expressly confirmed them in writing. The delivery timeframe shall begin to run upon the sending of the order confirmation, but nonetheless not before the submission of the documents which the Customer is required to provide.
- The delivery timeframe shall be considered to have been met if the goods have left the factory or a notification of readiness for shipment has been made before the timeframe lapses.
- The delivery timeframe shall be appropriately extended for measures within the parameters of labour struggles, particularly strikes and lockouts as well as the occurrence of unforeseen events for which we are not responsible. This shall also be valid if the sets of circumstances that occur affect our own suppliers. We shall also then not be responsible for the aforementioned sets of circumstances if they occur during an already existing delay. We shall notify the Customer as soon as possible of the beginning and end of such hindrances.
- The Customer may withdraw from the agreement without providing notice if it definitively becomes impossible for us to render the entire contractual performance before risk is transferred. Moreover, the Customer may withdraw from the agreement if the implementation of a portion of the delivery for an order becomes impossible and it has a justified interest in the rejection of the partial delivery. If this is not the case, then the Customer must pay the contractual prices which are applicable to the partial delivery. The same shall be valid in the event of an inability to render contractual performance. Otherwise, § 8 Clause 2 shall be valid.
- If the impossibility or the inability to render contractual performance occurs during a period of time in which the Customer is in delivery acceptance default or the Customer is solely or primarily responsible for these sets of circumstances, then it shall remain obliged to render the counter-performance.
- If the Customer – while taking into consideration the statutory exceptional cases – sets an appropriate notice period for us to render performance after it has come due and the timeframe is not met, then the Customer shall be entitled to withdraw from the agreement in accordance with the statutory directives.
- Any additional claims owing to the delay in delivery shall be based exclusively upon § 8 Clause 2 of these terms and conditions.
- The adherence to the delivery timeframe shall require that the Customer fulfill its contractual obligations.

§ 6 - Transfer of risk and shipping

- Risk shall be transferred to the Customer by no later than when the portions of the delivery are shipped and indeed also then if partial deliveries are made or we have rendered additional services, e.g. the shipping costs, transport or installation services.
- If the shipment is delayed owing to sets of circumstances for which the Customer is responsible, then risk shall be transferred to the Customer upon the date that the readiness for shipping is made.
- Upon the Customer's request, we shall insure the shipment based upon its instructions and at its expense.
- Partial deliveries are permitted insofar as they are reasonable for the Customer.

§ 7 - Warranty

We shall provide a warranty for material and legal defects subject to the exclusion of

more extensive claims – notwithstanding § 8 Clause 2 – as follows:

Material defects

- As we so choose and upon a free-of-charge basis, all those parts must either be rectified or replaced with a flawless delivery which turn out to be defective owing to a set of circumstances before risk is transferred. The discovery of such defects must be promptly reported to us in writing. Any replaced parts shall become our property.
- In order to undertake all the rectifications and replacement deliveries that appear to us to be necessary, the Customer must, by mutual agreement with us, provide us with the required time and opportunity to do this. Otherwise, we shall be released from the liability for the consequences that are created. Only in urgent cases where operational safety is put at risk or in order to ward off disproportionately large damages whereby we must promptly be notified of this, the Customer shall have the right to eliminate the defect on its own or to have it eliminated by third parties and to demand that we provide reimbursement for the required expenditures that have been incurred.
- We shall assume the costs that are directly incurred from the rectification or the replacement delivery – insofar as the complaint turns out to be justified – as well as the costs of the replacement piece including from the shipment. Moreover, we shall assume the costs for the dismantling and the installation as well as the costs for the required commissioning of the required service technicians and the auxiliary personnel including the travel costs insofar as they do not disproportionately burden us.
- The Customer shall, in accordance with the statutory directives, have a right to rescind the agreement if we – while taking into consideration the statutory exceptional cases – allow a timeframe that has been appropriately set for us to make rectification or a replacement delivery owing to a material defect to fruitlessly lapse. If only a minor defect exists, then the Customer shall have merely a right to a reduction in the contractual price. Otherwise, the right to reduce the contractual price shall remain excluded. Any additional claims shall be handled in accordance with § 8 Clause 2 of these terms and conditions.
- In particular, no warranty shall be provided in the following cases:
 - Unsuitable or improper use, flawed mounting and/or commissioning by the Customer or third parties, natural wear-and-tear, flawed or negligent handling, improper maintenance, unsuitable operational resources, defective building work, unsuitable building ground, chemical, electro-chemical and electrical influences – insofar as we are not responsible for them.
 - If the Customer or a third party makes improper rectification, then we shall assume no liability for any resulting consequences. The same shall be valid for any alterations to the delivery goods that are undertaken without our prior approval to do so.

Legal defects

- If the use of the delivery goods results in the violation of industrial property rights or copyrights domestically, then we shall in principle, at our expense, procure the right for the Customer to continue to use the goods or we shall modify the delivery goods in a way that is reasonable for the Customer so that the violation of proprietary rights no longer exists. If this is not possible with proportionate costs or within an appropriate timeframe, then the Customer shall be entitled to withdraw from the agreement. In the event that the aforementioned requirements exist, we shall also be entitled to withdraw from the agreement. Furthermore, we shall indemnify the Customer from any claims of affected holders of proprietary rights which are undisputed or have been legally upheld.
- In the case of the violation of proprietary rights or copyrights, our obligations shall be definitively limited to those specified in § 7 Clause 7 shall, notwithstanding § 8 Clause 2. They shall be valid only if the Customer has promptly notified us of the violations of copyrights or proprietary rights to have been asserted, the Customer supports us in an appropriate scope in the warding off of the asserted claims and/or makes it possible for us to implement the modification measures in accordance with § 7 Clause 7, we reserve the right to undertake all warding-off measures including extra-judicial provisions, the legal defect is not based upon instructions from the Customer and the legal violation has not been caused owing to the fact that the Customer has modified the delivery goods on its own or used them in a non-contractual manner.

§ 8 - Liability

- If the delivery goods cannot be contractually used by the Customer owing to our fault as the result of the flawed implementation of, or the failure to implement, the recommendations and consulting that have been made/provided before or after the contractual conclusion or owing to the violation of other contractual ancillary obligations – particularly instructions for the servicing and maintenance of the delivery goods, then the provisions of §§ 7 and 8 Clause 2 shall apply accordingly subject to the exclusion of additional claims of the Customer.
- For damage which is not to the delivery goods themselves, we shall be liable – regardless of the legal reasons – only
 - For intentional wrongdoing,
 - For gross negligence upon the part of institutional bodies or managerial personnel,
 - For the culpable loss of life, physical injury or damage to health
 - For defects which we maliciously conceal or whose absence we have guaranteed,
 - For defects of the delivery goods insofar as liability exists for personal injury or property damage to privately used goods in accordance with the German Product Liability Act.

In the event of the culpable violation of essential contractual obligations, we shall also be liable for the gross negligence of non-managerial personnel and for simply negligence. In the latter case, this shall be limited to the contractually typical, reasonably foreseeable damages.

More extensive claims shall be excluded.

§ 9 - Reservation of ownership

- We shall reserve ownership to the delivery goods until the receipt of all payments from the Delivery Agreement. This shall also be valid for any ancillary payment claims and damage compensation claims. In the event that payment is made by checks and bills of exchange, our reservation of ownership shall continue to exist until they are redeemed. The reservation of ownership shall also then continue to exist if individual payment claims are incorporated into a current account and the balance has been struck and acknowledged. In the event that the Customer commits contractual violations, particularly in the event of payment default, we shall be entitled to take back the delivery goods as having sent a warning letter and the Customer shall be obliged to surrender the goods. Owing to the reservation of ownership, we may demand the return of the delivery goods only if we have withdrawn from the agreement. The Customer must promptly notify us in writing of any attachments or other third-party claims.
- The Customer shall be entitled to resell the delivery goods in the ordinary course of business dealings. However, it shall already now assign to us all payment claims to which it is entitled against the end customer or third parties that are created from the resale and indeed regardless of whether the reserved goods are resold without or after processing. Even after such an assignment is made, the Customer shall be authorised to collect these payment claims. Our right to collect the payment claims on our own shall remain unaffected; however, we shall be obliged

to not collect the payment claims as long as the Customer properly fulfils its payment obligations. We may demand that the Customer assign the payment claims to us, disclose their debtors to us, provide all information that is required for their collection, surrender the relevant documents and notify the debtors of the assignment. If the delivery goods are resold together with other goods which do not belong to us, then the Customer's payment claim against the end customer shall be assigned to us in the amount of the delivery price that has been agreed between us and the Customer. We hereby accept the assignment.

- The processing or reworking of the reserved goods shall always be undertaken by the Customer for us. If the reserved goods are processed with other goods not belonging to us, then we shall acquire the co-ownership to the new goods based upon the proportional value of the reserved goods (invoiced final amount including VAT) to the other agreed goods at the time that processing is undertaken. Moreover, the same shall be valid for goods created through processing as for reserved goods. The authorisation of the Customer to process the reserved goods in the ordinary course of business dealings shall end if the Customer discontinues its payments or files for bankruptcy.

- The Customer shall be obliged to handle the delivery goods with due care; in particular, it shall be obliged to insure the goods at its own expense against theft, breakage, fire, water and other damage and to document to us that such insurance coverage has been concluded. If this does not occur, we shall be entitled to conclude insurance at the Customer's expense. The Customer shall hereby assign to us its claims to insurance benefits to which it is entitled from damages of the aforementioned type against insurance companies or other persons obligated to provide compensation in the amount of our payment claims. We hereby accept this assignment.

- The reservation of ownership and the security to which we are entitled shall be valid until the complete settlement of any liabilities (e.g. in the event of payment in so-called check-bill of exchange procedures) which we have accepted in the Customer's interest.

- We shall be obliged to release portions of the security to which we are entitled insofar as its value exceeds the claims to be secured by more than 20 % insofar as they have not yet been settled.

§ 10 - Tools

- If special tools are required for the implementation of the order, then we are and shall remain the owners of the tools, which we have produced, or a third party whom we have commissioned has produced. This shall also then be valid if the Customer has paid for the tool costs upon a proportional basis.
- The proportional tool costs shall be separately indicated in the offer and on the order confirmation. They shall become payable without any deductions when the contractual agreement is concluded.

§ 11 - Subcontracting

For subcontractor work, the following provisions shall be valid upon a supplemental basis

- Any parts that are provided must be composed of a material of normal quality features which can be processed well, they must be of the proper dimensions insofar as they have already been processed and such measurements must particularly have the proper drill holes so that simple clamping and normal processing are possible.
- If these requirements have not been fulfilled, then we shall notify the Customer of the required additional expenditures and the resulting price increase. If the Customer does not agree with the price change, then it shall have the right to withdraw from the agreement. The rescission must be made promptly after we make notification of the changed requirements. If the Customer declares its rescission, then it must provide compensation for any work that has already been done.
- Tools and gauges which do not fulfil our standards as well as the production and preparation for special clamping devices shall be separately billed. Wheels that have been improperly turned or unbalanced shall be reworked at the Customer's expense.
- In the event that parts that are submitted turn out to be unusable owing to material defects, then we must be reimbursed for the processing costs we have incurred.
- If work pieces are hardened, then the General Terms and Conditions for subcontractor's hardening shops shall be valid upon a supplemental basis.
- Any flawed work we have rendered during the commercial processing work shall not be billed. Our prices do not include an exclusion risk. In the event that the work assigned to us is not completely successful in all its parts for any reason, then we may not have legal claims asserted against us for the costs of the work pieces which are rejected unless it is documented that we have committed intentional wrongdoing or gross negligence.
- With regards to the implementation of the commercial work, we assume only the risk for the work to be rendered. The Customer shall assume the risk of the destruction of and damage to the objects provided to us for processing unless we have caused such damage through our intentional wrongdoing or gross negligence. In this case, the Customer shall have a claim to a free-of-charge replacement or rectification of the damaged goods by us or monetary compensation as we so choose.
- The assertion of all more extensive claims to damage compensation-regardless of the legal reason substantiating them and particularly for compensation for indirect damages- shall be excluded.

§ 12 - Statute of limitations

All claims of the Customer – regardless of the legal grounds – shall become statute-barred within 12 months. The statutory timeframes shall be valid for the damage compensation claims in accordance with § 8 Clauses 2 a – e. They shall also be valid for defects in the building structure or for delivery goods which have been used for a building structure based upon their customary manner of usage and which have caused its defectiveness.

§ 13 - Applicable law, legal venue

- Exclusively the law of the Federal Republic of Germany that is prevailing for legal relationships between domestic parties shall be valid for all legal relationships between us and the Customer.
- The legal venue for all disputes arising from the contractual relationship shall be the court that is competent for our commercial residence. However, we shall be entitled to take legal action against the Customer in the legal venue that is competent for the Customer's commercial residence.